

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 PM-04 INR-07 L-03

ACDA-10 NSAE-00 PA-02 SS-15 PRS-01 SP-02 USIA-15

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R 151755Z JUL 76

FM USMISSION NATO

TO SECSTATE WASHDC 8721

SECDEF WASHDC

AMEMBASSY ATHENS

INFO USNHLO PARIS

DA WASHDC

CDR USDARCOM ALEXANDRIA VA

CDR USAMICOM REDSTONE ARSENAL VA

USAADA FT BLISS TEX

USAREUR

USAFE RAMSTEIN

CSAF WASHDC

CDR 32D AIR DEF CMD KAISERSLAUTERN

USNMR SHAPE

CDR WHITE SANDS MSL RANGE NMEX

CHMAAG ATHENS

CHMAAG BONN

CHMAAG BRUSSELS

CHMAAG COPENHAGEN

CHMAAG ROME

CHMAAG PARIS

CHMAAG THE HAGUE

USCINCEUR VAIHINGEN

CNO WASHDC

COMFAIRMED

CINCUSNAVEUR

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E.O. 11652: N/A

TAGS: MARR, NATO

UNCLASSIFIED

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SUBJECT: NATO-HAWK: FINANCIAL SETTLEMENT OF BASIC HAWK MODIFICATION
PROGRAMS WITH GREECE.

REF: A) USNATO 0422 DTG 271830Z JAN 76; B) STATE 033836

DTG 112144Z FEB 76.

SECDEF FOR OASD(I&L)-MR. D. CUFFE; OSD(GENERAL COUNSEL-MR. ALLEN); OASD(ISA); AND DSAA. DA FOR OASA(I&L). DCSLOG FOR MSG-SBI; AND ACSI. DARCOM FOR AMCGC. USAMICOM FOR AMCPM-HA. USCINCEUR FOR MAD AND J-4. USAREUR FOR AEGD-MR-MM AND USAMICOM FLD OFC (AMCPM-HAI-EUR).

BEGIN SUMMARY. THE HELLENIC ARMY COMMAND (HAC) HAS OFFERED TO THE US A COUNTER-PROPOSAL FOR FINANCIAL SETTLEMENT OF A JOINT US-GREECE ACCOUNT WITH THE NATO-HAWK MANAGEMENT OFFICE (NHMO). THE GREEK PROPOSAL SUGGESTS A 50/50 SETTLEMENT OF TWO OUTSTANDING HAWK MISSILE PROGRAM MAJOR MODIFICATIONS. WE CONSIDER THE GREEK OFFER TO BE FAIR AND FAVORABLE TO US INTERESTS. IN ACCORDANCE WITH PREVIOUS WASHINGTON GUIDANCE, WE RECOMMEND THAT THE US ACCEPT THE GREEK OFFER, BUT PERHAPS WITH A CHANGE IN METHOD OF PAYMENT BY GREECE. ACTION REQUESTED: WASHINGTON GUIDANCE AND COMMENTS FROM AMEMBASSY ATHENS ON MANNER OF PAYMENT BY GREECE, BY COB 23 JULY 1976. END SUMMARY.

1. THE UNITED STATES AND GREECE ARE JOINTLY RESPONSIBLE FOR FINANCIAL SETTLEMENT WITH THE NATO-HAWK MANAGEMENT OFFICE (NHMO) OF OUTSTANDING ACCOUNTS IN THE HAWK MISSILE BITE (BUILT-IN-TEST-EQUIPMENT) AND THE HVPS (HIGH-VOLTAGE-POWER-SUPPLY) PROGRAMS. AS REPORTED IN JANUARY (REF A), THE US REP TO THE NATO HAWK BOARD OF DIRECTORS (COL. LYNCH) INITIATED SETTLEMENT NEGOTIATIONS WITH THE HELLENIC ARMY COMMAND (HAC) AND SUGGESTED THAT GREECE MIGHT BE RESPONSIBLE FOR THE AMOUNTS DUE ON THE BASIS OF TRANSFER OF RESPONSIBILITY FOR SUCH COSTS FROM THE US TO GREECE EFFECTIVE 1 JANUARY 1970. AS NOTED PREVIOUSLY, HOWEVER, IT COULD ALSO BE ARGUED THAT THE US IS RESPONSIBLE FOR FINANCIAL OBLIGATIONS ASSOCIATED WITH THE GREEK BASIC HAWK BATTALION INCURRED PRIOR TO THAT DATE. IF THE LATTER ARGUEMENT WERE TO PREVAIL, UNCLASSIFIED

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THE US WOULD BE RESPONSIBLE FOR BOTH THE BITE AND HVPS SETTLEMENTS. WASHINGTON ASKED US TO SEEK THE MOST FAVORABLE SETTLEMENT POSSIBLE (REF B). WE NOW HAVE A RECOMMENDED SETTLEMENT FOR WASHINGTON CONSIDERATION.

2. THE HELLENIC ARMY COMMAND RESPONDED TO THE US PROPOSAL OF 12 JANUARY BY LETTER OF 7 JUNE 1976. THE TEXT OF THE GREEK PROPOSAL FOLLOWS BELOW. BEGIN TEXT

SUBJECT: FINANCIAL SETTLEMENT OF BITE AND HVPS PROGRAMS OF THE NHPLO

TO: UNITED STATES MISSION TO THE NORTH ATLANTIC TREATY

ORGANIZATION (USNATO)
(PATRICK H. LYNCH, COLONEL US ARMY, US MEMBER NHPLO)

INFO: USLO-RUEIL MALMAISON-FRANCE

REF: YOUR LETTER DATED 12 JANUARY 1976

TEXT: IN REPLY TO YOUR LETTER, REFERRING TO THE SETTLEMENT OF
FINANCIAL CONSEQUENCIES OF BITE AND HVPS PROGRAMS
AS APPLIED TO THE GREEK HAWK BATTALION, WE HAVE
THE HONOR TO INFORM YOU OF OUR PROPOSED SETTLEMENT WHICH
IS SUMMARIZED AS FOLLOWS:

THE RELATIVE DECISION FOR THE PROCUREMENT OF THE
REQUIRED MODIFICATION KITS AND PROGRAMS IMPLEMENTATION
WAS TAKEN BY THE NATO HAWK PRODUCTION AND LOGISTICS
ORGANIZATION BOARD OF DIRECTORS (NHPLO BOD) DURING THE
TIME PERIOD THAT THE U.S.A. WAS IN CHARGE OF THE GREEK
HAWK BATTALION MAINTENANCE, AS RELECTED BY THE CONTRACTS
SIGNED BETWEEN THE NHPLO AND THE PRODUCTION
FACTORIES (CONTRACTS NO. 8132, 9268 DATED 18-11-68
AS WELL AS NO. 142/67 DATED 15 FEB 69) AND, THEREFORE,
THE NECESSARY CREDITS FOR THE PROCUREMENT OF THE SUBJECT KITS
HAD BEEN PLANNED BY YOU. OF COURSE, WE SHOULD
POINT OUT, THAT OWING TO THE FACT THAT THE PRODUCTION OF
A LARGE NUMBER OF KITS REQUIRES A LONG PERIOD OF
TIME, THE SUBJECT PROGRAMS WERE ACCOMPLISHED IN THE YEAR
1972, A PERIOD DURING WHICH THE ANNUAL MAINTENANCE EXPENDITURES
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OF THE GREEK HAWK BATTALION HAD BEEN
ASSIGNED TO THE HELLENIC ARMED FORCES IN ACCORDANCE
WITH JUSMAAG LETTER DATED 7 AY 69.

FURTHERMORE, ACCORDING TO THE ARTICLE 8.2 OF THE CONTRACT
SIGNED BETWEEN GREECE AND NHPLO, IT IS PROVIDED
THAT THE SUPPLIES AND SERVICE OFFERING EXPENDITURES
SHOULD BE TAKEN OVER BY GREECE FROM 1 JANUARY 1970;
WE FEEL, HOWEVER, THAT IT PRESUPPOSES PAYMENT OF THE
FINANCIAL OBLIGATIONS ASSUMED BY THE USA GOVERNMENT,
TO THE ADVANTAGE OF OUR HAWK UNIT, UNTIL 31 DECEMBER 1969.

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CHMAAG THE HAGUE

USCINCEUR VAIHINGEN

CNO WASHDC

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ALSO, THE RECOMMENDED SETTLEMENT, IN YOUR LETTER, THAT
THE HELLENIC ARMED FORCES SHOULD ASSUME THE OBLIGATION
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TO PAY THE BALANCE AMOUNTING TO 872,700.22FF, IN
OUR OWN OPINION, IT IS CONTRARY TO THE SPIRIT OF
PARAGRAPH 8.2 OF THE EXISTING AGREEMENT BETWEEN GREECE
AND NHPLO AS WELL AS TO THE CONTENTS OF JUSMAAG LETTER
DATED 7 MAY 69.

AT ALL EVENTS, HAVING TAKEN INTO CONSIDERATION THE TIME
EXTENSION FOR THE IMPLEMENTATION OF BITE AND HVPS PROGRAMS
BEYOND I.I.70 I.E. THE DATE DURING WHICH THE
ANNUAL MAINTANANCE EXPENDITURES OF THE 180 HAWK BATTALION
WERE ASSIGNED TO THE HELLENIC ARMED FORCES AND IN
TERMS OF A GOOD COOPERATIVE SPIRIT, WE SUGGEST THAT
THE SUM REMAINING, IN THE AMOUNT OF 872,700.22 FF AND
FOR THE PURPOSE OF A FINANCIAL SETTLEMENT OF THE SUBJECT

PROGRAMS, BOTH THE HELLENIC ARMED FORCES AND THE USA GOVERNMENT BE EQUALLY CHARGED WITH A FIFTY(50) PER CENT PORTION, IN THIS RESPECT, IT IS MADE CLEAR THAT ONCE THE SUGGESTED COMPROMISE SETTLEMENT BE ACCEPTED BY YOU, THE CORRESPONDING SUM OF 436,350.11 FF WILL BE PAID TO JUSMAAG WITHIN 1977, IN GREEK CURRENCY (DRACHMAE).

HOPING THAT THE EFFORTS MADE BY US WILL BE DURY APPRECIATED FOR THE ELIMINATION OF THE EXISTING SUSPENSE, WE ANTICIPATE THAT THE RECOMMENDED COMPROMISE SETTLEMENT, SATISFYING BOTH SIDES, AS MUCH AS POSSIBLE, WITHIN THE SPIRIT OF GOOD WILL AND MUTUAL UNDERSTINDING, WILL BE ALSO ACCEPTED BY YOU.

(SIGNED) G. KISTAKIS, GEN. END TEXT.

3. WE FIND THE GREEK OFFER OF A 50/50 GREECE/US SETTLEMENT ATTRACTIVE AND NOTE THAT IT IS OFFERED IN A QUOTE GOOD COOPERATIVE SPIRIT UNQUOTE. WE ARE NOT COMPETENT TO JUDGE THE MERITS OF PAYMENT BY THE HELLENIC ARMY COMMAND TO JUSMAAG GREECE, BUT IN THE INTEREST OF KEEPING THE FINANCIAL ARRANGEMENTS CLEARLY IN NATO HAWK CHANNELS WE WOULD PREFER TO SEE GREECE PAY THE AGREED SUM OF 436,350 FRENCH FRANCS TO THE US ACCOUNT WITH THE NHMO. THERE MAY BE SOME OVERRIDING RATIONALE OF WHICH WE ARE UNAWARE FOR PREFERENCE OF HAC TO MAKE PAYMENT DIRECTLY TO JUSMAAG. IN THIS REGARD WE WOULD APPRECIATE THE UNCLASSIFIED

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VIEWS OF AMERICAN EMBASSY (CHMAAG) ATHENS.

4. PROVIDED THAT THE GREEK OFFER IS ACCEPTABLE TO WASHINGTON, AND IF THERE ARE NO OVERRRIDING CONSIDERATIONS WHICH DICTATE PAYMENT BY THE HAC TO JUSMAAG GREECE, WE WILL COMMUNICATE THE US ACCEPTANCE TO THE HAC WITH THE REQUEST THAT HAC MAKE PAYMENT DIRECTLY TO THE US ACCOUNT WITH THE NHMO. ACTION REQUESTED: WASHINGTON DUIDANCE AND COMMENTS FROM AMERICAN EMBASSY ATHENS ON MANNER OF PAYMENT BY GREECE BY COB 23 JULY 1976. STRAUSZ-HUPE

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<< END OF DOCUMENT >>

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CHMAAG THE HAGUE
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